



Ninety-Eighth Legislature – Second Session - 2004
Committee Statement
LB 420

Hearing Date: February 21, 2003

Committee On: Revenue

Introducer(s): (Speaker Bromm, at the request of the Governor)

Title: Change provisions relating to tobacco taxes and tax stamps

Roll Call Vote – Final Committee Action:

Advanced to General File

Advanced to General File with Amendments

X Indefinitely Postponed

Vote Results:

7	Yes	Senators Baker, Bourne, Hartnett, Janssen, Landis, Raikes and Redfield
0	No	
0	Present, not voting	
1	Absent	Senator Connealy

Proponents:

Senator Curt Bromm
Dr. Michelle Petersen
Gerry Oligmueller, State Budget Admin.
Niyamatullah Azizi, Lincoln High student
Kathy Burson
Mark Intermill
Tom Bassett
Mark Welsch

Representing:

Governor Mike Johanns
Citizens for a Healthy Nebraska
Governor Mike Johanns
Himself
Metro Omaha Tobacco Action Coalition
AARP
Nebraska Dental Association
GASP (Group to Alleviate Smoking Pollution)

Opponents:

Ted Stessman
David Schulte

Robert Wagner
Dennis Rasmussen
Walter Radcliffe
Jim Moylan

Tim Keigher

Representing:

Nebraska Candy & Tobacco Association
Nebraska Association of Tobacco & Candy Distributors
Himself, Tobacco Outlet
Philip Morris USA
U.S. Smokeless Tobacco Company
Nebraska Licensed Beverage Association and R. J. Reynolds Tobacco
Nebraska Petroleum Marketers & Convenience Store Association

Neutral:
None

Representing:

Summary of purpose and/or changes:

LB 420 would have amended section 77-2602 to increase the cigarette tax and change its distribution. The tax would have been increased from 64 cents per pack to 84 cents per pack, beginning July 1, 2003. The distribution was to remain 28 cents to the Cash Reserve Fund until October 1, 2004, with the additional 20 cents distributed to the General Fund. The total General Fund portion until October 1, 2004 was to be 41 cents per pack. The two additional cents for the Deferred Building Renewal Act were continued indefinitely under LB 420. The General Fund portion after the Cash Reserve Fund allocation was completed would have been 69 cents per pack.

Section 2 would have amended section 77-2608 to continue indefinitely the reduction in the collection fee that was passed in the August, 2002 Special Session. Section 3 would have amended section 77-4008 to increase the tobacco products tax from 20 percent of the purchase price to 25 percent on July 1, 2003, and continued the increase indefinitely. Beginning October 1, 2004, there was to no longer be an allocation of tobacco products tax dollars to the Cash Reserve Fund.

Explanation of amendments, if any:

Senator David Landis, Chairperson